

City of Watson, Arkansas

Financial and Compliance Report

December 31, 2024 and 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WATSON, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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Arkansas

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Sen. Jim Dotson
Senate Vice Chair



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Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Watson, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Watson, Arkansas, as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated September 22, 2025. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The finding contained in this section relates to the following officials who held office during 2024 and 2023:

Mayor: Harold Douthit
Recorder/Treasurer: Cindy Moncrief

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

During our examination of payroll, it was discovered the Mayor and payroll preparer's actual pay, approved by the city council, did not agree with the 2023 budget. Furthermore, the payroll preparer's salaries were under-reported on their 2023 W-2's and over-reported on their 2024 W-2's.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 22, 2025
LOM219224

CITY OF WATSON, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2024	\$ 54,627	\$ 129,920
Receipts:		
State aid	2,751	15,213
Property taxes	4,496	900
Franchise fees	7,083	
Sales taxes	37,726	
Interest	181	5,211
Community room rental	300	
Mosquito control fees	2,374	
Property maintenance	300	
Reimbursement		15
Other	5,740	108
Unclassified	72	
Total Receipts	<u>61,023</u>	<u>21,447</u>
Disbursements:		
General government	59,263	1,212
Highways and streets		15,614
Health	2,288	
Recreation and culture	750	
Contribution to water/sewer		179
Total Disbursements	<u>62,301</u>	<u>17,005</u>
Cash Balance, December 31, 2024	<u>\$ 53,349</u>	<u>\$ 134,362</u>

CITY OF WATSON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

	Street	Natural Gas	American Rescue Plan Act	Total
Cash Balance, January 1, 2024	\$ 28,168	\$ 101,573	\$ 179	\$ 129,920
Receipts:				
State aid	15,213			15,213
Property taxes	900			900
Interest	128	5,083		5,211
Reimbursement			15	15
Other	108			108
Total Receipts	<u>16,349</u>	<u>5,083</u>	<u>15</u>	<u>21,447</u>
Disbursements:				
General government	1,197		15	1,212
Highways and streets	15,614			15,614
Contribution to water/sewer			179	179
Total Disbursements	<u>16,811</u>		<u>194</u>	<u>17,005</u>
Cash Balance, December 31, 2024	<u>\$ 27,706</u>	<u>\$ 106,656</u>	<u>\$ 0</u>	<u>\$ 134,362</u>

CITY OF WATSON, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 61,796	\$ 153,707
Receipts:		
State aid	2,812	15,606
Property taxes	4,217	856
Franchise fees	6,840	
Sales taxes	38,154	
Interest	152	1,834
Community room rental	400	
Mosquito control fees	2,288	
Property maintenance	400	
Other	2,336	
Total Receipts	<u>57,599</u>	<u>18,296</u>
Disbursements:		
General government	60,872	10,475
Highways and streets		12,253
Health	3,514	
Recreation and culture	310	
Wastewater		19,355
Unclassified	72	
Total Disbursements	<u>64,768</u>	<u>42,083</u>
Cash Balance, December 31, 2023	<u>\$ 54,627</u>	<u>\$ 129,920</u>

CITY OF WATSON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 4

	<u>Street</u>	<u>Natural Gas</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 23,864	\$ 110,309	\$ 19,534	\$ 153,707
Receipts:				
State aid	15,606			15,606
Property taxes	856			856
Interest	95	1,739		1,834
Total Receipts	<u>16,557</u>	<u>1,739</u>		<u>18,296</u>
Disbursements:				
General government		10,475		10,475
Highways and streets	12,253			12,253
Wastewater			19,355	19,355
Total Disbursements	<u>12,253</u>	<u>10,475</u>	<u>19,355</u>	<u>42,083</u>
Cash Balance, December 31, 2023	<u>\$ 28,168</u>	<u>\$ 101,573</u>	<u>\$ 179</u>	<u>\$ 129,920</u>

CITY OF WATSON, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 Mosquito Control and Community Room

3. The Municipality's capital assets records are summarized below:

	December 31, 2024	December 31, 2023
Land	\$ 4,000	\$ 4,000
Buildings	11,921	11,921
Equipment	85,976	89,729
Totals	\$ 101,897	\$ 105,650